

MINUTES

MONTANA HOUSE OF REPRESENTATIVES 57th LEGISLATURE - REGULAR SESSION COMMITTEE ON APPROPRIATIONS

Call to Order: By **CHAIRMAN STEVE VICK**, on March 9, 2001 at 8:00 A.M., in Room 102 Capitol.

ROLL CALL

Members Present:

Rep. Steve Vick, Chairman (R)
Rep. Dave Lewis, Vice Chairman (R)
Rep. Matt McCann, Vice Chairman (D)
Rep. John Brueggeman (R)
Rep. Rosalie (Rosie) Buzzas (D)
Rep. Tim Callahan (D)
Rep. Edith Clark (R)
Rep. Bob Davies (R)
Rep. Stanley Fisher (R)
Rep. Dick Haines (R)
Rep. Joey Jayne (D)
Rep. Dave Kasten (R)
Rep. Christine Kaufmann (D)
Rep. Monica Lindeen (D)
Rep. Jeff Pattison (R)
Rep. Art Peterson (R)
Rep. Joe Tropila (D)
Rep. John Witt (R)

Members Excused: None.

Members Absent: None.

Staff Present: Paula Broadhurst, Committee Secretary
Taryn Purdy, Legislative Branch

Please Note: These are summary minutes. Testimony and discussion are paraphrased and condensed.

Committee Business Summary:

Hearing(s) & Date(s) Posted:
Executive Action:

HEARING ON HJ 34

Sponsor: Dick Haines, HD 63, Missoula

Proponents: None.

Opponents: None.

Opening Statement by Sponsor:

Rep. Dick Haines, HD 63, Missoula opened the hearing on HJ 34 which would study unfunded leave liability of state employees.

Proponents' Testimony: None.

Opponents' Testimony: None.

Questions from Committee Members and Responses:

Rep. Lewis asked if every state agency is actually fully accruing this liability and wanted to make sure this is being found out in the study.

Kathy Miry answered that they would be glad to include that information in part of the study.

Rep. Davies asked if this problem had been dealt with in his subcommittee.

Kathy Miry answered that in subcommittee they put \$100,000 in her budget to create the system to make these financial reports.

Rep. Davies asked if they dealt with actual cost and did more than just the \$100,000 for the study.

Kathy Miry answered that they did give a half FTE ongoing and that was the extent.

Rep. Fisher asked if they have an accruing account for this problem.

Rep. Lewis answered that no, that is the issue and the reason for this bill.

{Tape : 1; Side : A; Approx. Time Counter : 7}

Rep. Fisher asked if they will be able to pick up this deficit over a ten year period at \$5 million a piece until such time and then start accruing it in a separate account.

Vicki Rauser made clarifications to the committee.

Rep. Buzzas asked how has this been paid for before now.

Rep. Lewis answered that when the report says there are lots of vacant positions, one of the reasons is that when someone leaves they leave it open long enough to cover the cost of the leave that was paid the employee.

Rep. Haines replied that he is concerned as well with this issue and the impact needs to be looked into.

Rep. Peterson asked if this bill requires actual recording and payment of the portion owed.

Vicki Rauser answered that GASBY 34 does require the recording of the liability which will impact the fund balances of the special revenue funds, state and federal, and the general fund. It does not require actual funding of the liability and there is no cash pay out.

Vicki Rauser answered that the fiscal statements for the fiscal year 2002 will have to reflect the liability and the impact of recording and reporting the liability will reduce fund balances.

Rep. Lewis made the comment to Chairman Vick that they need to go back into HB 2 and take out the \$2 million.

Rep. Vick asked Vicki Rauser if that would have to be done regardless of whether they do the study or not.

Vicki Rauser answered that the changes in governmental accounting standards require the balance sheet to have all liabilities reported.

Taryn Purdy asked how the bond rating agency organizations look upon the unfunded liability in the fund balance - does it truly show as a deficit to the state of Montana or does it show as a \$40 million balance with an unfunded liability of \$50 million which would leave the financial statements minus \$10 million but not necessarily be looked upon that way by the bond rating agencies.

Kathy Miry answered that it will create a negative fund balance but what is creating the negative fund balance will clearly be

identified on the statements so the bond agencies will know that it is compensated absences.

Taryn Purdy asked if for purposes of fund balance budgeting, they really are not showing a biennium to biennium deficit except for the \$50 million and therefore the legislature could take into account that \$50 million of an unfunded liability is not a \$50 million obligation of cash in that biennium that must be paid and therefore needs to be accounted for by budgeting in a certain way.

Kathy Miry answered that Taryn is correct and made a point of clarification that it is not \$50 million, that \$50 million is the whole impact and it is \$20 million for the general fund.

Rep. Buzzas asked if the \$20 million is just from this last biennium or has it been accruing and what suddenly made them decide this is not a legitimate creative use of federal dollars.

Rep. Haines answered that this came out of an audit with the Auditors Office.

{Tape : 1; Side : A; Approx. Time Counter : 17.7}

Vicki Rauser speaks to the committee about the audit that was done and states that the \$50 million relates to the state as a whole in the general fund, the state special revenue fund, the federal special revenue fund, and a few of the expendable trust funds and is across the board.

Rep. Kaufmann asked if this is the cost of termination pay, say if everybody in state government quit in the same year.

Rep. Haines answered that this is only part of the picture and that is what the study is to identify.

Taryn Purdy commented that because the legislature does not budget for these costs they leave the positions open until they accumulate enough cash to make the pay-out and essentially that is what agencies have to do unless the legislature is going to specifically budget for no hire termination costs which they have never done except in extraordinary circumstances.

Rep. Witt asked if this is not a cap on what Taryn Purdy just spoke of, or can they continue to accrue forever and ever.

Taryn Purdy answered that there is a cap on the amount of vacation time that an employee can accrue and be paid back for when they leave but that there is not for sick leave.

Rep. Lewis commented about the title of the resolution HJR 34.

Closing by Sponsor:

Rep. Haines closed the hearing on HJR 34.

HEARING ON HB 485

Sponsor: Rep. Monica Lindeen, HD 07, Huntley

Proponents: Joann Stahl, Commissioner, Rosebud County; John Doyle, Big Horn County Commissioner; William Duffield, Chairman, Montana Association of Oil, Gas and Coal Companies; Dan Murray, Mayor for the City of Forsyth; Jim Mockler, Executive Director, Montana Coal Council; John Williams, Mayor of Colstrip; Sen. Matt Cole, SD 4, Colstrip

Opponents: None.

Opening Statement by Sponsor:

Rep. Monica Lindeen, HD 07, Huntley opened the hearing on HB 485 which would revise coal board funding.

Proponents' Testimony:

Joann Stahl, Commissioner, Rosebud County spoke in favor of HB 485 stating that there are impacts and believes more money needs to go into the coal board. **EXHIBIT(aph54a01)** **EXHIBIT(aph54a02)** **EXHIBIT(aph54a03)**

John Doyle, Big Horn County Commissioner spoke in favor of HB 485. One of the issues he brought forth was that tribal governments have not been brought forward concerning this issue.

{Tape : 1; Side : B; Approx. Time Counter : 3.7}

William Duffield, Chairman, Montana Association of Oil, Gas and Coal Companies stood in support of HB 485 and feels it will be a great benefit to the counties.

Dan Murray, Mayor, City of Forsyth supports HB 485 and said that currently Forsyth does not have an application in to the Board for any type of funding as they just finished a project this last year that Coal Board Funding helped with.

Jim Mockler, Executive Director, Montana Coal Council spoke in favor of HB 485.

John Williams, Mayor of Colstrip spoke in favor of HB 485 stating that this will be of great value to the coal counties in the state of Montana.

Sen. Matt Cole, SD 4, Colstrip spoke in favor of HB 485.

Informational Witness:

Rep. Joe Tropila, HD 47, Great Falls spoke about the Coal Tax Trust Fund and what it is to be used for.

Sen. Cole spoke to the committee about HB 485 and what the coal board was supposed to be.

Opponents' Testimony: None.

Questions from Committee Members and Responses:

Rep. Fisher asked how much, at the present, is distributed to the local communities.

Rep. Lindeen answered that 8.36% goes towards local coal impact grants.

Rep. Lewis commented that the money was de-earmarked and put in the general fund.

Rep. Vick commented that in HB 2 he had an amendment to take \$100,000 of general fund from the conservation districts and that was money out of the 8.36% that was allocated that had not been spent by the Governor's Budget. The committee allocated it to conservation districts statewide and one particular conservation district in Sheridan County. That is part of how the process works.

Rep. Lindeen gave the committee an example of the current coal board grants.

Rep. Kaufmann asked about the 50% of the coal severance tax going into the permanent trust and the other 50% disbursed in a variety of ways and was wondering if this comes from the other 50% and not from the permanent trust.

Rep. Lindeen replied that was correct.

Rep. Kaufmann asked if someone is gaining 3% then is someone losing 3%.

Rep. Lindeen answered that the 3% impact of this bill would come from the general fund.

Rep. Kaufmann asked if this would help with the impacts of methane gas development and would they paying to any kind of tax into these funds.

Sen. Cole answered that they would not.

Rep. Lewis asked about the local impact part of the methane tax money.

Sen. Cole answered that it may have been changed and that there would be \$400,000 that would go into it.

Jim Mocker answered that it is IRT money.

Rep. Lindeen, Kaufmann and Lewis discuss the IRT tax.

{Tape : 2; Side : A; Approx. Time Counter : 1.4}

Rep. Kaufmann asked for someone to give an idea how many dollars 3% is.

Rep. Lindeen commented that it is about \$1 million per year.

Rep. Kasten asked about the projects that are being worked on; are they looking for downsizing also, for the payment of the residents who are still going to be there.

Joann Stahl answered that they are like the Forsyth school system asking for money to pay the bond.

Rep. Kasten asked is that because of the ongoing costs because the population is going down and will the communities be able to handle this.

Dan Murray answered that with fewer people to pay for the upgrades if the coal board could help relieve some of the pressure on the remaining residents.

Rep. Kasten asked if the funds the way they are, the impact to the general fund is going to be a concern of his and hopefully they can combine bills to fund these projects because this is what the coal tax money is supposed to be used for.

Rep. Jayne asked if there are about 6 contracts right now totaling about \$1.8 million.

Rep. Lindeen answered that about 18 contracts were awarded equaling about \$1.9 million.

Rep. Jayne asked what percentage of the 8.36% would \$1.8 million be.

Rep. Lindeen answered that she did not have the breakdown and did not know the percentages.

Sen. Jayne asked what communities will be impacted.

Rep. Lindeen answered around the Hardin community, Big Horn and Rosebud Counties, Treasure County, Custer County, and Powder River County; about a 100 mile radius around where the main coal production areas are.

Rep. Jayne asked if tribes are eligible for these funds.

Rep. Lindeen replied they are.

Sen. Cole spoke and said they need to make sure that tribes are in the bill because it is not real clear they have received grants in the past.

John Doyle answered that the reason he brought the issue up was that when the Crow tribe did apply for a coal board grant there was some concern and confusion on how they might accomplish it because there had only been one previous grant to a tribe.

Rep. Lindeen said she would have no problem with an amendment in the bill to include tribes.

Rep. Lewis, Lindeen and Jayne discussed the numbers involved in the bill.

Rep. Buzzas asked if 8.36% is what currently is allotted and if this bill asks for it to be increased by 3%.

Rep. Lindeen answered that right now that 8.36% of the 50% is allocated towards a number of accounts which includes the coal board.

Rep. Buzzas asked if there is not sufficient money in the current 8.36% to cover the applications that were not approved.

Rep. Lindeen answered that not there is not.

Taryn Purdy explains to the committee how the general fund would be impacted.

{Tape : 2; Side : A; Approx. Time Counter : 17.2}

Reps. McCann, Lindeen, Lewis, Tropila, Jayne discuss the impact on the general fund and the figures in HB 485.

Closing by Sponsor:

Rep. Lindeen closes on HB 485.

HEARING ON HB 608

Sponsor: Rep. Dick Haines, HD 63, Missoula

Proponents: Curt Chisholm, Deputy Director for the Department of Environmental Quality

Opponents: None.

Opening Statement by Sponsor:

Rep. Dick Haines opened the hearing on HB 608 which involves recording non-monetary settlements of contested cases.

Proponents' Testimony:

Curt Chisholm, Deputy Director for Department of Environmental Quality spoke in favor of HB 608 and that it was his department that requested Rep. Haines' subcommittee to sponsor this legislation because they had just been audited over efficiency issues and it was reported that they had not been properly recording non-cash receipts to the state accounting system.

Opponents' Testimony: None.

Questions from Committee Members and Responses:

Rep. Jayne asked about the non-monetary proceeds.

Curt Chisholm answered that it is to include non-cash receipts.

Rep. Jayne asked what exactly does other proceeds mean.

Rep. Lewis and Rep. Jayne discuss the wording in the bill.

Closing by Sponsor:

Rep. Haines closed the hearing on HB 608.

ADJOURNMENT

Adjournment: 9:50 A.M.

REP. STEVE VICK, Chairman

PAULA BROADHURST, Secretary

SV/PB

EXHIBIT (aph54aad)